

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
Mt. Carmel Public Utility Company	:	04-0670
	:	
Reconciliation of revenues collected	:	
under fuel adjustment charges with	:	
actual costs prudently incurred.	:	

ORDER

By the Commission:

I. PROCEDURAL HISTORY

On November 10, 2004, the Illinois Commerce Commission ("Commission") entered an Order Commencing FAC Reconciliation Proceedings, which directed Mt. Carmel Public Utility Company ("Mt. Carmel") to present evidence in this docket at a public hearing to show the reconciliation of revenues collected under its Fuel Adjustment Clause ("FAC") tariff with the actual cost of fuel supplies prudently incurred and recoverable under said FAC tariff for the year ending December 31, 2004 (the "Reconciliation Period"). Notice of the filing of Mt. Carmel's testimony and schedules with the Commission was posted in Mt. Carmel's business offices and was published in newspapers having general circulation in Mt. Carmel's service territory, in the manner prescribed by 83 Ill. Adm. Code 255, in compliance with the Commission's November 10, 2004 Order.

Pursuant to proper legal notice, a prehearing conference was held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois on May 4, 2005. Thereafter, an evidentiary hearing was held on September 28, 2005. Appearances were entered by counsel on behalf of Mt. Carmel and by members of the Commission's Energy and Financial Analysis Divisions ("Staff"). Evidence was presented by Mt. Carmel and Staff, and at the conclusion of the evidentiary hearing, the record was marked "Heard and Taken."

II. GOVERNING AUTHORITY

Section 9-220 of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq., provides in part that "notwithstanding the provisions of Section 9-201, the Commission may authorize the increase or decrease of rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, [or] changes in the cost of purchase power...through the application of fuel adjustment clauses...."

Rules implementing Section 9-220 are contained in 83 Ill Adm. Code 425, "Uniform Electric Fuel Adjustment." Under Section 425.20, "the fuel charge passed through the FAC is the total amount of allowable fuel and fuel related charges as identified herein." The formula for determining the fuel adjustment charge per kilowatt-hour is set forth in Section 425.30. Rules regarding economic dispatch, billing periods, allowable fuel and fuel related charges, allowable energy charges associated with purchased power, base fuel cost, non-jurisdictional sales, and desulfurization cost are contained in Section 425.40.

III. EVIDENCE PRESENTED

Philip Barnhard, IV, Mt. Carmel's President, testified that Mt. Carmel purchased all of its electric power requirements in calendar year 2004 from AmerenEnergy Marketing. He testified as to his responsibility for supervising the calculation and filing with the Commission of the monthly and annual reconciliation required by Mt. Carmel's FAC tariff. Mr. Barnhard sponsored Exhibits E-1 and E-2 to his direct testimony, and Revised Exhibit E-2 to his supplemental direct testimony that identified and reconciled all components of Mt. Carmel's 2004 fuel costs and recoveries. Exhibit E-1 shows Mt. Carmel's fuel adjustment charge rate sheets. Revised Exhibit E-2 shows that Mt. Carmel had an over-recovery of \$7,663.94 for calendar year 2004, and an under-recovery balance at December 31, 2004 of \$44,888.60. A \$82,625.75 under-recovery balance was charged to Mt. Carmel's customers in 2005 via Factor Ra, resulting in a requested ordered reconciliation factor of \$37,737.15. Mr. Barnhard also expressed the opinion that Mt. Carmel's procurement of fuel supply purchases was prudent during 2004.

Donald McGuire, a member of the Accounting Department of the Financial Analysis Division, testified that he reviewed Mt. Carmel's filing and the underlying documents that support the FAC reconciliation calculations. Mr. McGuire stated that he found no reason to object to Mt. Carmel's reconciliation of FAC revenues collected under its FAC tariff with the actual cost of fuel supplies. Mr. McGuire recommends that the Commission accept the reconciliation of revenues collected under the FAC tariff with actual costs, as reflected on Mt. Carmel Revised Exhibit E-2.

James Spencer, a member of the Engineering Department of the Energy Division, also testified that he reviewed Mt. Carmel's filing and responses to extensive data requests concerning the prudence of its fuel supply purchases during the reconciliation period. Mr. Spencer further stated that he found no reason to dispute Mt. Carmel's assertion that all fuel and power supply purchases were prudently incurred during the reconciliation period.

IV. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) Mt. Carmel is a corporation engaged in the distribution of electricity and natural gas to the public in Illinois and, as such, is a public utility within the meaning of the Act;
- (2) the Commission has jurisdiction over Mt. Carmel and of the subject matter of this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (4) the evidence shows that during the calendar year 2004 Reconciliation Period, Mt. Carmel acted reasonably and prudently in its purchase of fuel; and
- (5) Mt. Carmel's proposed reconciliation of revenues collected under its FAC tariff with the actual cost of fuel supplies during the Reconciliation Period, as described in Revised Exhibit E-2 and reflected in the Appendix attached hereto, should be approved.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation submitted by Mt. Carmel Public Utility Company of the revenues collected under its FAC tariff with costs prudently incurred for the purchase of fuel for calendar year 2004 is hereby approved.

IT IS FURTHER ORDERED that Mt. Carmel Public Utility Company refund the Factor Ro of \$37,737.15 in its first monthly FAC filing following the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 2nd day of November, 2005.

(SIGNED) MARTIN R. COHEN

Chairman